

Message Text

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62

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 CU-05 ABF-01

NSC-07 SS-20 STR-08 CEA-02 L-03 PA-04 USIA-15 PRS-01

SAJ-01 DRC-01 /186 W

----- 127240

R 160030Z JUL 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 1509

INFO AMEMBASSY LONDON

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMEMBASSY SEOUL

LIMITED OFFICIAL USE HONG KONG 7948

PASS TREASURY AND FEDERAL RESERVE BANK

E.O. 11652: N/A

TAGS: EFIN HK

SUBJ: CAPITAL OUTFLOW, INTEREST RATES AND EXCHANGE RATE

REF: HK-7846; TOKYO -9174, TOKYO 9255

1. INTEREST RATE INCREASE PREDICTED REFTel OCCURRED SOONER THAN EXPECTED. EXCHANGE BANK ASSOCIATION ANNOUNCED ONLY 13 THAT, EFFECTIVE JULY 16, DEPOSIT INTEREST RATE WILL BE RAISED 1.25 PERCENT ACROSS-THE BOARD AS WILL "BEST LENDING RATE" (PRIME RATE). THAT MEANS THREE MONTHS TIME DEPOSIT WILL YIELD 10.25 PERCENT OR 8.7 PERCENT AFTER DEDUCTING WITHHOLDING TAX.

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2. EXCHANGE RATE CLOSED AT 5.08/1 ON JULY 12 OPENED

AT 5.06/1 ON JULY 15.

3. COMMENT: THIS IS SECOND INCREASE IN TWO WEEKS WITH
CUMULATIVE RISE OF 2.25 PERCENT. EXCHANGE RATE PATTERN SEEMS
VERY SIMILAR TO THAT REPORTED FROM TOKYO.
CROSS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN MARKETS, FOREIGN EXCHANGE RATES, YEN (CURRENCY), CAPITAL FLOWS, INTEREST RATES
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Draft Date: 16 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Legacy Key: link1974/newtext/t19740746/aaaabncu.tel
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Office: ACTION EA
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Authority: GolinoFR
Review Comment: n/a
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30 JUN 2005

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Type: TE
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